



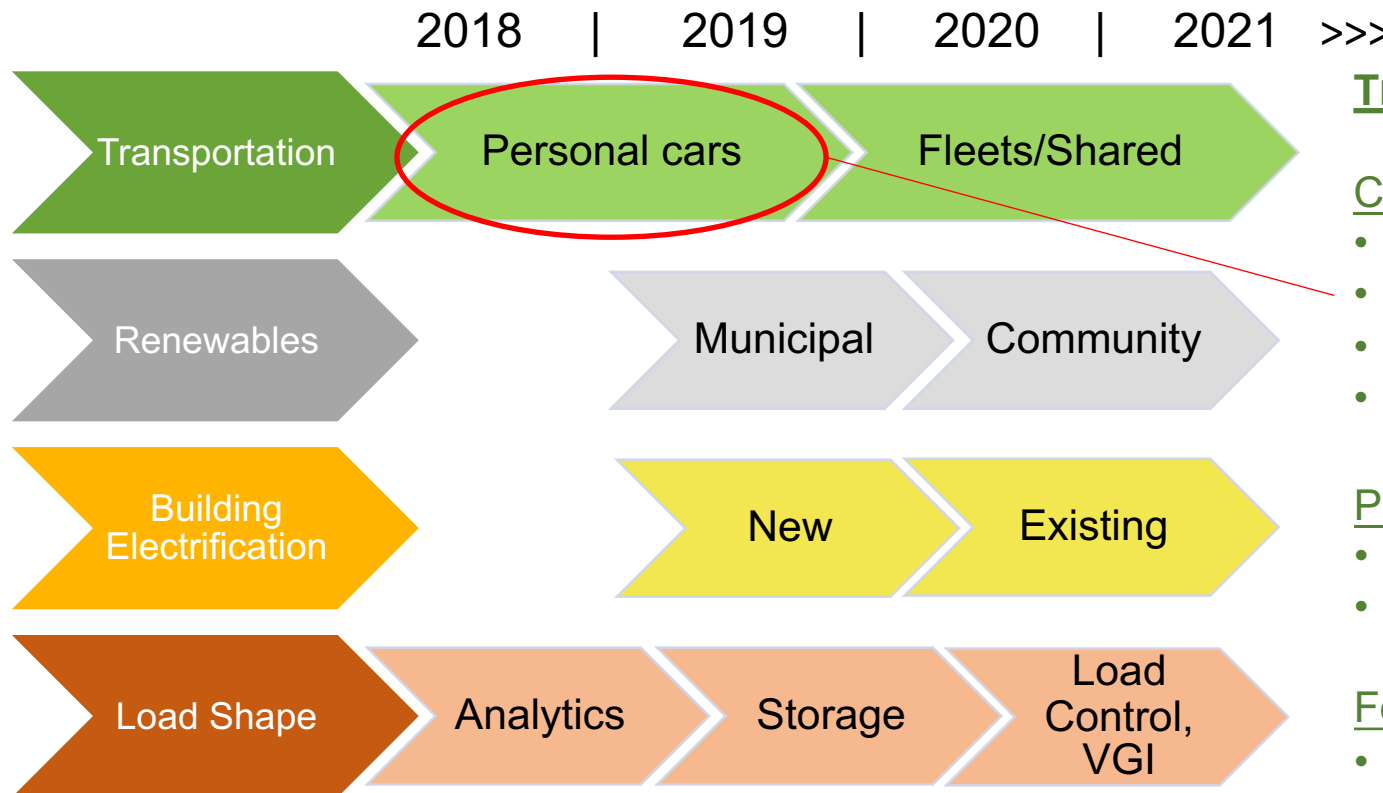
Revamped EV Programs & FY22-24 Vehicle Budget

August 10, 2020

Agenda

1. New EV program recap
2. Used EV program
3. Budget request (FY21-24)

High-Level Roadmap: Transportation



TRANSPORTATION ELECTRIFICATION

Current

- EV Ride & Drive Campaign (hiatus)
- New EV Incentive Program
- Low Income Used EV Program
- EV Ready (EV Charging Infrastructure Program)

Pilots

- Smart Charging
- Low Power Charging

Forthcoming

- Ride-Hailing Electrification
- Curbside Charging Pilot
- Municipal Fleets

Recap 2020 New EV Incentive

Objectives

- Draw more likely adopters to choose EVs late in the sales cycle
- Increase overall awareness of EVs through county-wide marketing
- Revised to increase uptake and support “additionality”

Overview

- 4th quarter promotion period
- For in-county and out-of-county purchases
- For vehicles with a purchase price of under \$45,000
- Targeted to “first time” EV buyers and past PCE EV incentive recipients will be ineligible for another incentive
- Available for purchases, not leases
- Available as post-purchase rebates mailed directly to the customer

Context for Used EV program

- Used vehicle market roughly 1.5 - 3x the size of new vehicle market
- Likely more people buying used cars in downturn
- No general incentives available for used EVs
- Peninsula Family Svc (low inc admin) contract expiring Feb 2021

Used EVs Approach

| | Current |
|----------------------|--|
| Overview & additions | <ul style="list-style-type: none">• Low income only (DriveForward Electric)• Year round• Any dealership ok• Partnered with Peninsula Family Svc to administer |
| Incentives | <ul style="list-style-type: none">• PHEV & BEV: \$2,000 if stacking (AQMD, CVAP) OR \$4,000 if not |
| Uptake | <ul style="list-style-type: none">• To date (1 1/4 yrs): 58 |
| Budget | <ul style="list-style-type: none">• To date: \$169k• Admin: \$50k |

*Exception: Peninsula Family Service (PFS) loan recipients point of sale

Peninsula Family Svc partnership shift

Within scope

- Continues referral of their program participants to PCE program
- Could pay PCE incentive to their loan participants directly so it could be point of sale (and we pay them back)

Removed from scope

- Screen all interest forms and manage applications for overall program
- Education of EVs and other programs
- Income verification on non-PFS loan recipients

Summary of Proposal

Program: Revamped vehicle incentive programs for new & used EVs (includes low income)

Requests

- A. Revised program design effective CY21
- B. Approval of \$4.7 M over 3-years (FY22-24)
 - Budget is within approved & forecasted budgets
 - Net new funds: \$3.82M
 - Includes reallocations of unused funds
 - New EV: \$480k
 - Low Income: \$200k
 - Ride & drive*: \$200k

*For Ride & Drive, assumes FY21-22 returns to a “normal” event level

Approx. FY 22-24 budget breakdown

| Program | Budget 3-yr total | Vehicle Volumes |
|-------------------|----------------------|-----------------|
| New EV | \$2,060,000 | ~2,200 |
| Used EV – general | \$1,400,000 | ~1,800 |
| Used EV – low inc | \$850,000 | ~300 |
| Admin | \$180,000 | |
| Marketing* | \$210,000 | |
| TOTAL | \$4,700,000 | ~4,100 |

*To be discussed with marketing, could be shifted to incentives.

Approved Vehicle Funds

As of June 30, 2020

| Community Energy Programs Approved by Board | Proposed Program | Program Amount Approved by Board | Board Approval Date | Term | Already Spent as of July 1, 2020 | Estimated Spending in Current FY (prior to June 30, 2021) | Future Fiscal Year Spending for Approved and Proposed EV Programs (FY22-24) |
|---|------------------|----------------------------------|---------------------|----------------|----------------------------------|---|---|
| <u>Approved by the Board</u> | | | | | | | |
| New EV Incentives | | 1,500,000 | 04/27/19 | 3 years | 220,000 | 800,000 | 480,000 |
| Low Income Used EV - Contract with Peninsula Family Services | | 500,000 | 01/24/19 | 2 years | 220,000 | 80,000 | 200,000 |
| Ride & Drive EV Marketing - Contract with Reach Strategies | | 750,000 | 02/28/19 | 3 years | 215,000 | 50,000 | 485,000 |
| Approved Vehicle Incentives & Engagement Programs | | 2,750,000 | | | 655,000 | 930,000 | 1,165,000 |
| Updated New and Used EV Incentives | 4,700,000 | | | 3 years | | | |
| Reallocated Funds from New EV Incentives | (480,000) | | | | | | |
| Reallocated Funds from Low Income Used EV | (200,000) | | | | | | |
| Reallocated Funds from Ride & Drive EV Marketing | (200,000) | | | | | | |
| Requested New Funds | 3,820,000 | | | | | | 3,820,000 |
| Approved and Proposed Vehicle Incentives & Engagement Programs | | - | | | 655,000 | 930,000 | 4,985,000 |



Backup slides

Full Programs Budget

| As of June 30, 2020 | | | | | | | |
|--|------------------|----------------------------------|---------------------|---------|----------------------------------|---|---|
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| Approved Vehicle Incentives & Engagement Programs | | 2,750,000 | | | 655,000 | 930,000 | 1,165,000 |
| Other Approved Programs (Buildings, EV Charging) | | 24,145,000 | | | 306,000 | 6,430,000 | 17,509,000 |
| Updated New and Used EV Incentives | 4,700,000 | | | 3 years | | | |
| Reallocated Funds (from New EV, Low Income and Ride & Drive) | (880,000) | | | | | | |
| Requested New Funds | 3,820,000 | | | | | | 3,820,000 |
| Total Approved and Proposed Programs | | - | | | 961,000 | 7,360,000 | 22,494,000 |
| Not Yet Authorized (Future Programs) | | | | | | | 9,761,000 |
| Community Energy Programs Budget | | | | | | 7,550,000 | 32,255,000 |

Does not include DER or Marketing programs (Resilience, Building Electrification Awareness)

Used EV Administrator Role

1. Outreach
2. Interest form screening
 - If not low income, simply email application steps
 - If low income, see #3
3. Low income support & EV education
 - Other programs education & referrals
 - EV education
4. Application review
 - Includes income verification for low inc only if not stacking w other prgm
5. Customer rebate payment

2018/2019 New EV Incentive Recap

Objectives

- Draw more likely adopters to choose EVs late in the sales cycle
- Increase overall awareness of EVs through county-wide marketing

Overview

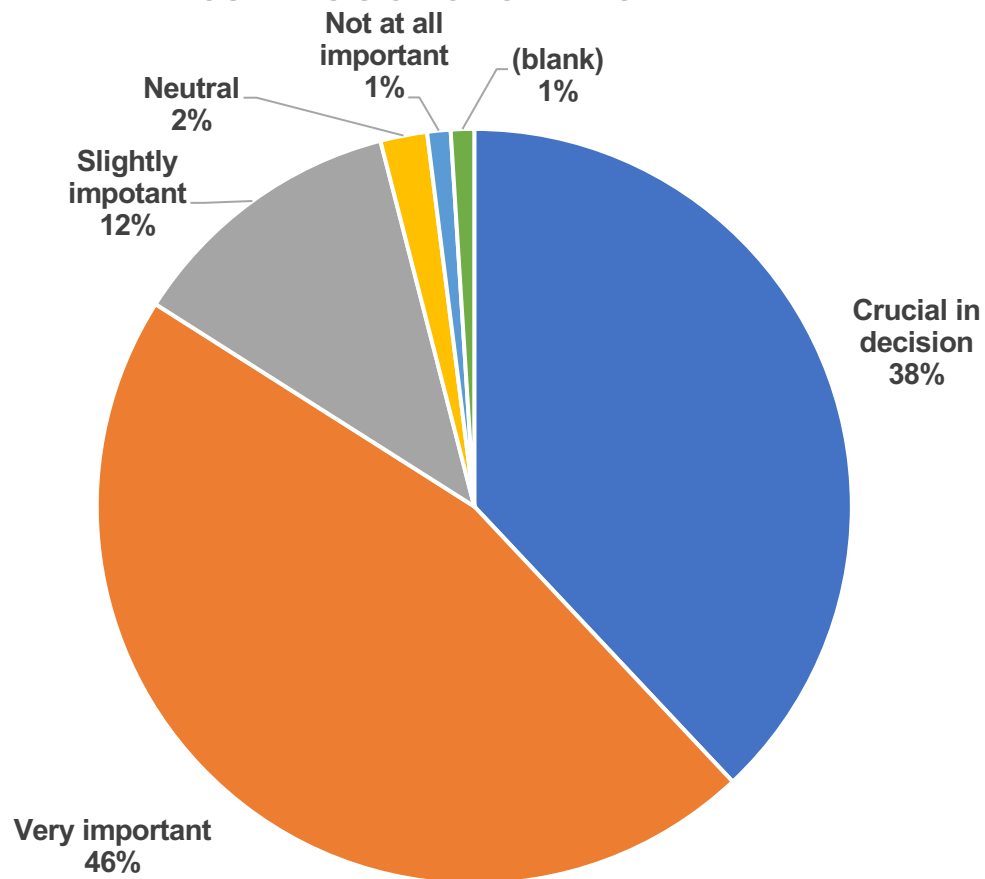
- Time-limited Q4 incentives & dealers discounts for new EVs
- County-wide marketing
- Only available at select dealerships in San Mateo County
- Started in 2018, repeated in 2019

Results

- 2018: 4 vehicle makes; 120 vehicles sold/leased
- 2019: 7 vehicle makes; 167 vehicles sold/leased

2019 EV Incentive Program Survey Results

HOW ESSENTIAL WAS THIS EV INCENTIVE PROGRAM IN YOUR DECISION OF GETTING AN EV?



84% reported that the incentive was **Very Important** or **Crucial**

Time limited program creates urgency and **accelerates action**

EV Sales Uncertainties

Uncertainty Ahead

- April new vehicle sales down 53%
- Vehicle sales declined 40% during 2007-09 recession
- Vehicle sales may be increasing after shelter in place lifted in China
- Likely major reductions in state vehicle incentive programs

BEV adoption increases 8% per \$1,000 purchase incentive*

*MIT/NREL study

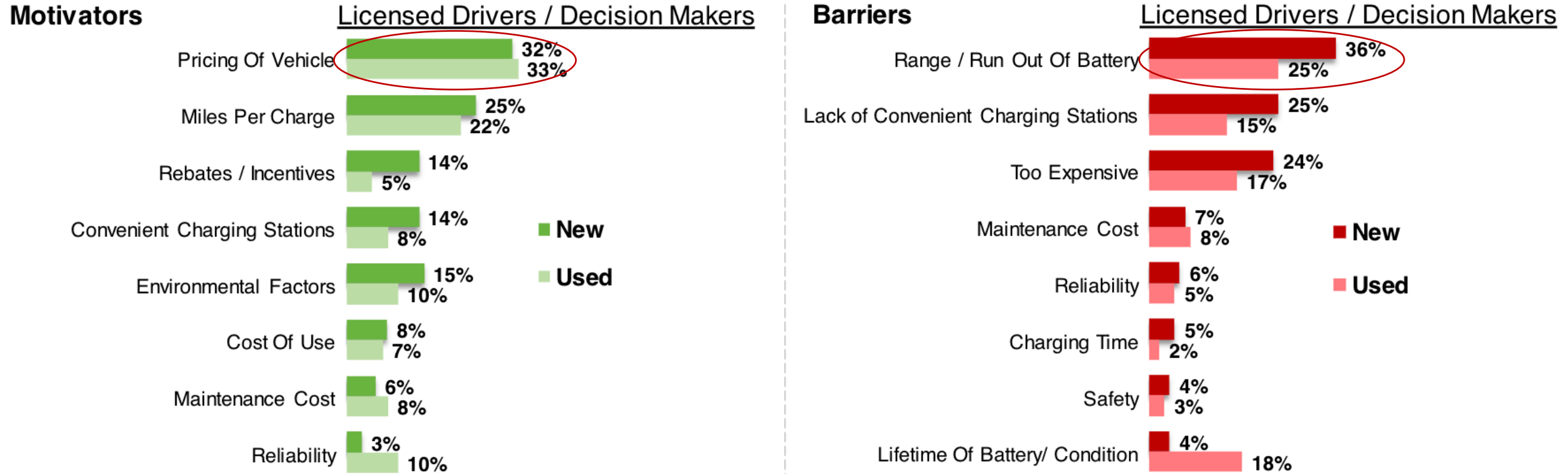
California faces \$54B budget deficit

Shrinking fossil fuel demand could hit California's cap-and-trade auction, experts say



Transportation electrification programs could see hit

Market Conditions: 2020 Survey

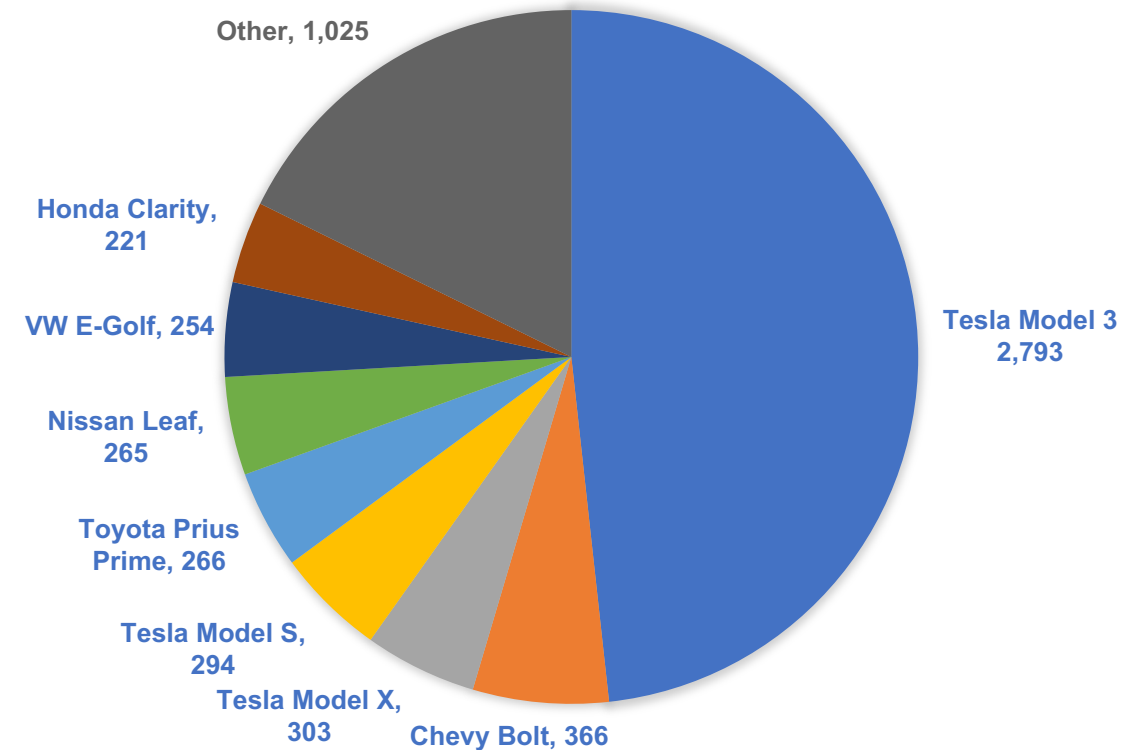


Range anxiety likely due to low familiarity

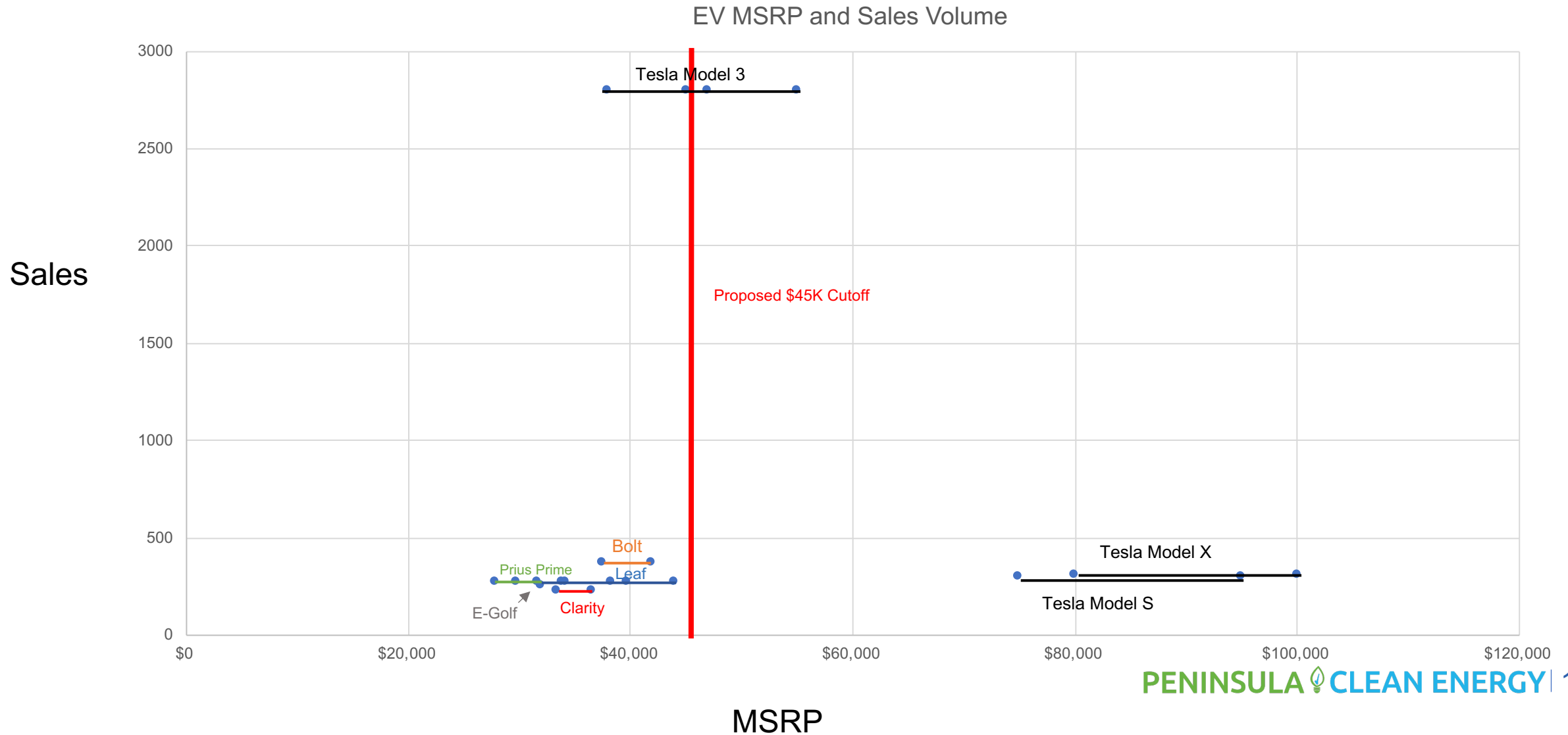
Market Conditions: Sales Mix

- ~5,800 total new EV sales in 2019 by San Mateo County residents
- ~16% of EVs purchased at dealers within SMC
- Median household income: \$225,000
- Vehicle cost cap can limit incentive “free ridership”

2019 SMC NEW EV SALES BY MODEL



Sales Volumes and MSRP



New EV Program Options

| Scenario | Timeframe | Eligible Purchases | Incentive Level | Estimated Max. Rebate Amount ** |
|----------------------|-----------|--|---|---------------------------------|
| 1* | Q4 | <ul style="list-style-type: none"> All new EVs <\$45K In county and out of county sales | Plug-in Hybrid: \$700 Battery Elec.: \$1,000 | ~920 vehicles |
| 2 | Q4 | <ul style="list-style-type: none"> All new EVs <\$45K In county and out of county sales Tesla excluded | | ~450 vehicles |
| 3 (existing program) | Q4 | <ul style="list-style-type: none"> All new EVs <\$45K In-county purchase only | | ~190 vehicles |
| 4 | Annual | <ul style="list-style-type: none"> All new EVs <\$45K In-county purchase only | | ~750 vehicles |

*PCE Staff Recommendation

** Based on 2019 New vehicles sales by San Mateo County residents

Program Objectives & Mechanics

Core Objectives:

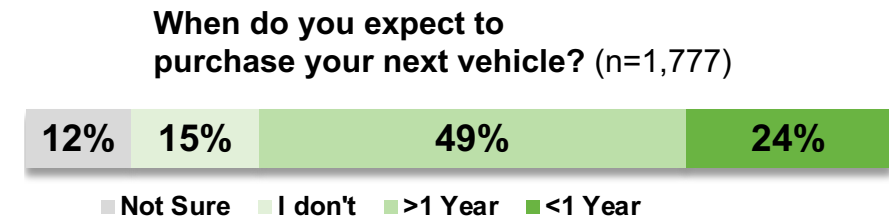
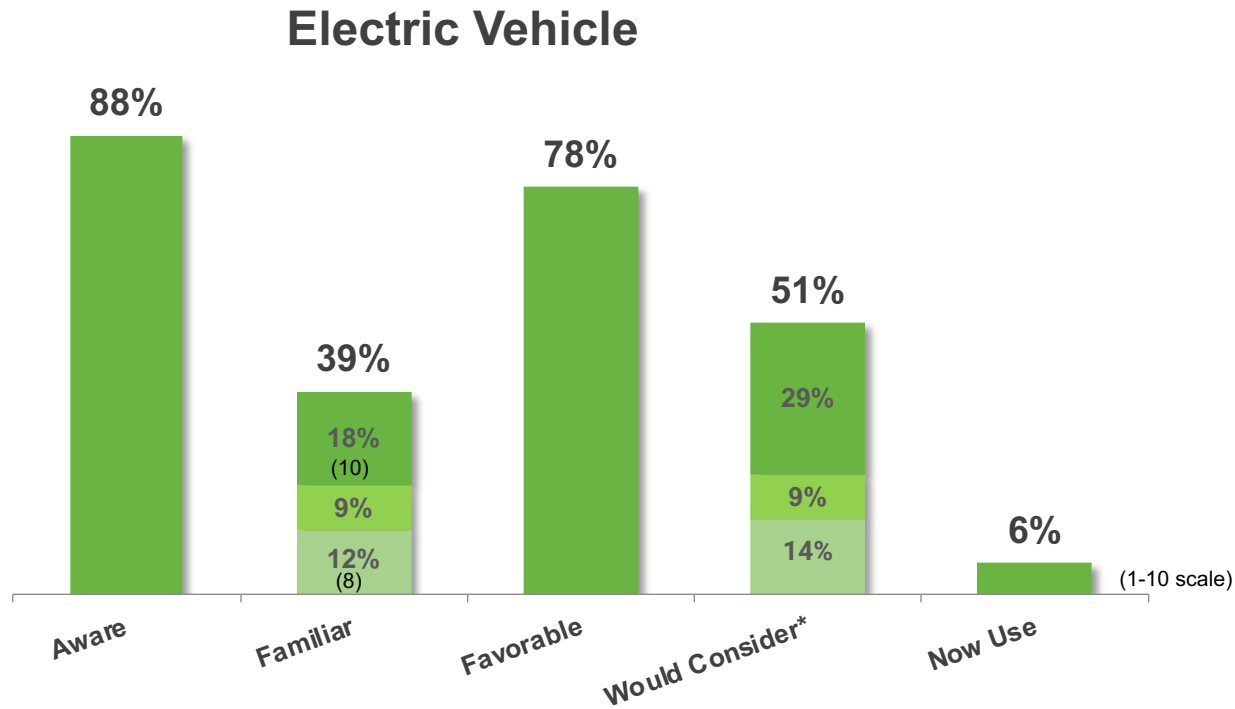
1. Increase uptake
2. Ensure additionality (i.e. limit free ridership)
3. Avoid exceeding budget (original proposal: \$700k for new EVs, ~725)

Incentive design mechanics to consider:

1. Vehicle price cap
2. Geography (in-County or Out-of-County)
3. Dealership-only model
4. Vehicle Make

2020 Market Survey: Awareness

- Awareness & favorability are high
- Adoption is still low



Income Distributions

Income Distribution - Teslas

